FINAL

TECHNICAL PROGRESS REPORT

For the period:

April 1, 1995, through June 30, 1995

Prepared for:

Rosebud SynCoal Partnership
Advanced Coal Conversion Process Demonstration
Colstrip, Montana

DOE Contract
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Table of Contents

1.0 INTRODUCTION AND PURPOSE

This report describes the technical progress made on the Advanced Coal Conversion Process (ACCP) Demonstration Project from April 1, 1995, through June 30, 1995. The ACCP Demonstration Project is a U.S. Department of Energy (DOE) Clean Coal Technology Project. The Cooperative Agreement defining this project is between DOE and the Rosebud SynCoal Partnership. In brief, Western Energy Company, which is a coal mining subsidiary of Entech, Inc., Montana Power Company's (MPC's) non-utility group in Colstrip, Montana, was the original proposer for the ACCP Demonstration Project and Cooperative Agreement participant. To further develop the ACCP technology, Entech created Western SynCoal Company. After the formation of the Rosebud SynCoal Partnership, Western Energy Company formally novated the Cooperative Agreement to the Rosebud SynCoal Partnership to facilitate continued participation in the Cooperative Agreement. The Rosebud SynCoal Partnership is a partnership between Western SynCoal Company and Scoria, Inc., a subsidiary of NRG Energy, Inc., Northern States Power's non-utility group.

This project demonstrates an advanced, thermal, coal upgrading process, coupled with physical cleaning techniques, that is designed to upgrade high-moisture, low-rank coals to a high-quality, low-sulfur fuel, registered as the SynCoal® process. The coal is processed through three stages (two heating stages followed by an inert cooling stage) of vibrating fluidized bed reactors that remove chemically bound water, carboxyl groups, and volatile sulfur compounds. After thermal upgrading, the coal is put through a deep-bed stratifier cleaning process to separate the pyrite-rich ash from the coal.

The SynCoal® process enhances low-rank, western coals, usually with a moisture content of 25 to 55 percent, sulfur content of 0.5 to 1.5 percent, and heating value of 5,500 to 9,000 British thermal units per pound (Btu/lb), by producing a stable, upgraded, coal product with a moisture content as low as 1 percent, sulfur content as low as 0.3 percent, and heating value up to 12,000 Btu/lb.

The 45-ton-per-hour unit is located adjacent to a unit train loadout facility at Western Energy Company's Rosebud coal mine near Colstrip, Montana. The demonstration plant is sized at about one-tenth the projected throughput of a multiple processing train commercial facility.

2.0 PROJECT PROGRESS

2.1 SIGNIFICANT ACCOMPLISHMENTS

Rosebud SynCoal Partnership's ACCP Demonstration Facility entered Phase III, Demonstration Operation, in April 1992 and operated in an extended startup mode through August 10, 1993, when the facility became commercial. The Rosebud SynCoal Partnership instituted an aggressive program to overcome startup obstacles and now focuses on supplying product coal to customers. Significant accomplishments in the history of the SynCoal® process development are shown in Appendix A. Table 2.1 lists the significant accomplishments for the year to date.

Table 2.1. Significant Accomplishments for 1995

1st Quarter	Significant Accomplishments
January 1995	• Conducted testburns with an additional industrial user • Tentatively scheduled two additional testburns during February • Re-established deliveries to Continental Lime in Townsend, Montana; however these deliveries were suspended after 13 days
February 1995	• Continued testburn with an industrial user • Supplied a short test at a small utility plant • Tentatively scheduled two additional testburns during March
March 1995	• Supported a testburn with an industrial user • Supplied a short test at a small heat plant • Record monthly sales volume of 28,548 tons or 118 percent of original design proforma
2nd Quarter	**Significant Accomplishments**
April 1995	• **Set monthly availability and capacity records for the third consecutive month, with 94% and 129% respectively.** • **Record monthly sales volume of 30,827 tons or 123 percent of original design proforma.**
May 1995	• **Second best monthly availability and capacity factors after three consecutive months of new records, with 88% and 114% respectively.** • **Monthly sales volume of 28,705 tons or 115 percent of original design proforma.**
June 1995	• **Completed annual maintenance and modification outage.**

2.2 PROJECT PROGRESS SUMMARY

During this reporting period, the primary focus for the ACCP Demonstration Project was to expand SynCoal® market awareness and acceptability for both the products and the technology. The ACCP Project team continued to focus on improving the operation, developing commercial markets, and improving the SynCoal® products as well as the product's acceptance. The use of covered hopper cars has been successful and marketing efforts have focused on using this technique. A strong marketing effort is being made to establish SynCoal® in the Minnesota and Wisconsin rail industrial markets. Operational improvements are currently aimed at developing fines marketing systems, increasing throughput capacity, decreasing operating costs, and developing standardized continuous operator training programs.

The inert gas system which was installed in 1994, continues to display operational problems which are being addressed (i.e. rebuilding the compressor). Some observations indicate that the inert gas is not working as well as the CO_2 previously used. Operational and process testing of the inert gas system is continuing. As a result of these continuing efforts CO_2 costs have reduced by about 60 percent since January.

During the second quarter, the plant processed approximately 98,712 tons of raw coal, and the facility's operating availability was 66%. The raw coal feed rate was 68.6 tons per hour for the quarter and the plant achieved an 88% feed capacity factor. Totally to date, about 769,072 tons of raw coal have been fed into the process. For the second quarter of 1995, about 98,712 tons of raw coal were fed, producing about 55,809 tons of coarse product and 10,858 tons of fines. Approximately 403,122 tons have been shipped to date, 133,583 tons shipped during 1995, and 65,360 tons shipped during the second quarter.

The demonstration facility set a new production record for the third month in a row in April. The facility operated at 129 percent of design capacity for the entire month of April with an availability of 94 percent. The April results shattered the previous monthly records of 112 percent capacity and 86 percent availability.

Customer shipment slowed down in June as Ash Grove burned gas to complete their contract minimums. The foundry business is normally slow at this time of year as well.

The SynCoal® team is working to finalize a funding and time extension to the Department of Energy's Cooperative Agreement.

The annual maintenance outage to improve the plant's production capacity as well as resolving the furnace overheating problem took place during the last month of this reporting period.

Modifications and maintenance work was performed in the following areas during the Second Quarter of 1995.

- General maintenance on the entire plant
- Modifications and maintenance on the process furnace
- Modifications and maintenance on the lube oil skid.

More detail on the specific modifications and maintenance work performed is provided in Section 3.2.

The product produced to date has been exceptionally close to the design basis product from a chemical standpoint. The typical product analyses are shown Section 4 of this report.

During the next reporting period, the focus will continue on operating the ACCP Demonstration plant to support testing and market development; serving nearby end users of the SynCoal® product and establishing more industrial customers; scheduling additional testburns and securing additional industrial contracts; continuing regular truck deliveries of SynCoal® fines to Ash Grove Cement to allow alternative testing with their railroad cars; securing additional covered hopper cars to accelerate testing and market/distribution developments; and conducting followup testburns.

3.0 PROCESS DESCRIPTION

In general, the ACCP is a thermal conversion process that uses combustion products and superheated steam as fluidizing gas in vibrating fluidized bed reactors. Two fluidized stages are used to thermally and chemically alter the coal, and one water spray stage followed by one fluidized stage is used to cool the coal. Other systems that service and assist the coal conversion system include:

- Coal Conversion;
- Coal Cleaning;
- Product Handling;
- Raw Coal Handling;
- Emission Control;
- Heat Plant;
- Heat Rejection; and
- Utility and Ancillary.

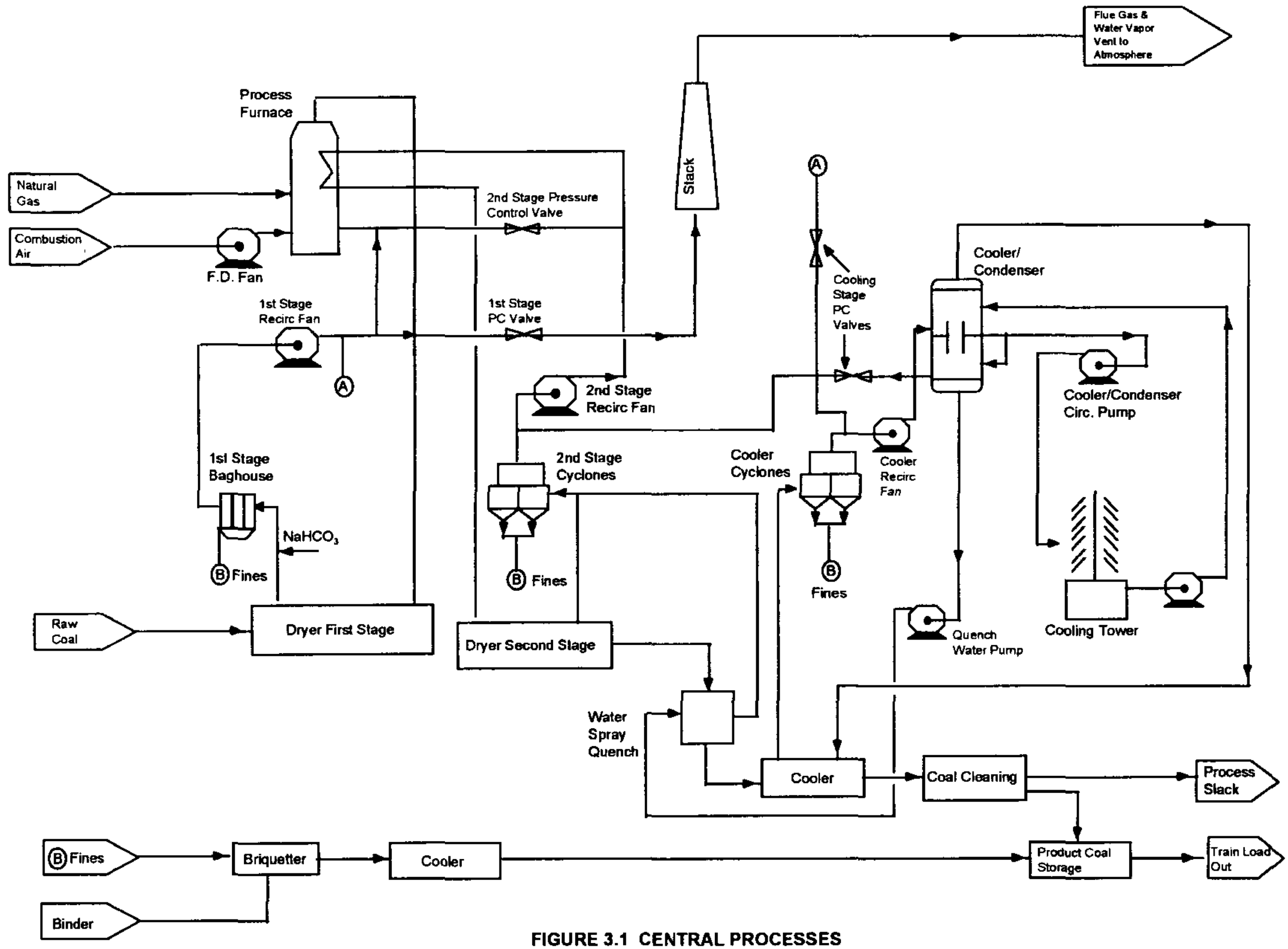
3.1 ORIGINAL DESIGN PROCESS DESCRIPTION

The designed central processes are depicted in Figure 3.1 on the proceeding page. The following discusses plant design aspects and expected results. Modifications and operating results are summarized in Section 3.2.

<u>**Coal Conversion**</u>

The coal conversion is performed in two parallel processing trains. Each train consists of two, 5-feet-wide by 30-feet-long vibratory fluidized bed thermal reactors in series, followed by a water spray section, and a 5-feet-wide by 25-feet-long vibratory cooler. Each processing train is fed up to 1,139 pounds per minute of 2-by-½ inch coal.

In the first-stage dryer/reactors, the coal is heated by direct contact with hot combustion gases mixed with recirculated dryer makegas, removing primarily surface water from the coal. The coal exits the first-stage dryer/reactors at a temperature slightly above that required to evaporate water. After the coal exits the first-stage dryer/reactor, it is gravity fed to the second-stage thermal reactors, which further heats the coal using a recirculating gas stream, removing water trapped in the pore structure of the coal and promoting chemical dehydration, decarbonylation, and decarboxylation. The water, which makes up the superheated steam used in the second stage, is actually produced from the coal itself. Particle shrinkage that occurs in the second stage liberates ash minerals and passes on a unique cleaning characteristic to the coal.



MSE Drawing - Dated 11/8/92

FIGURE 3.1 CENTRAL PROCESSES

As the coal exits the second-stage thermal reactors, it falls through vertical quench coolers where process water is sprayed onto the coal to reduce the temperature. The water vaporized during this operation is drawn back into the second-stage thermal reactors. After water quenching, the coal enters the vibratory coolers where the coal is contacted by cool inert gas. The coal exits the vibratory cooler(s) at less than 150°F and enters the coal cleaning system. The gas that exits the vibratory coolers is dedusted in a twin cyclone and cooled by water sprays in direct contact coolers before returning to the vibratory coolers. Particulates are removed from the first-stage process gas by a pair of baghouses in parallel. The second-stage process gas is treated by a quad cyclone arrangement, and the cooler-stage process gas is treated by a twin cyclone arrangement.

Three interrelated recirculating gas streams are used in the coal conversion system; one each for the thermal reactor stages and one for the vibratory coolers.

Gases enter the process from either the natural gas-fired process furnace or from the coal itself. Combustion gases from the furnace are mixed with recirculated makegas in the first-stage dryer/reactors after indirectly exchanging some heat to the second-stage gas stream. The second-stage gas stream is composed mainly of superheated steam, which is heated by the furnace combustion gases in the heat exchanger. The cooler gas stream is made up of cooled furnace combustion gases that have been routed through the cooler loop.

A gas route is available from the cooler gas loop to the second-stage thermal reactor loop to allow system inerting. Gas may also enter the first-stage dryer/reactor loop from the second-stage loop (termed makegas) but without directly entering the first-stage dryer/reactor loop; rather, the makegas is used as an additional fuel source in the process furnace. The second-stage makegas contains various hydrocarbon gases that result from the thermal conversions associated with the mild pyrolysis and devolatilization The final gas route follows the exhaust stream from the first-stage loop to the atmosphere.

Gas exchange from one loop to another is governed by pressure control on each loop, and after startup, will be minimal from the first-stage loop to the cooler loop and from the cooler loop to the second-stage loop. Gas exchange from the second-stage loop to first-stage loop (through the process furnace) may be substantial since the water vapor and hydrocarbons driven from the coal in the second-stage thermal reactors must leave the loop to maintain a steady state.

In each gas loop, particulate collection devices that remove dust from the gas streams protect the fans and, in the case of the first-stage baghouses, prevent any fugitive particulate discharge. Particulates are removed from the first-stage process gas by a pair of baghouses in parallel. The second-stage process gas is treated by a quad cyclone arrangement, and the cooler-stage process gas is treated by a twin cyclone arrangement.

Coal Cleaning

The coal entering the cleaning system is screened into four size fractions: plus ½ inch, ½ by ¼ inch, ¼ inch by 8 mesh, and minus 8 mesh. These streams are fed in parallel to four, deep-bed stratifiers (stoners) where a rough specific gravity separation is made using fluidizing air and a vibratory conveying action. The light streams from the stoners are sent to the product conveyor, and the heavy streams from all but the minus 8 mesh stream are sent to fluidized bed separators. The heavy fraction of the minus 8 mesh stream goes directly to the waste conveyor. The fluidized bed separators, *again using air and vibration to effect a gravity separation*, each split the coal into light and heavy fractions. The light stream is considered product, and the heavy or waste stream is sent to a 300-ton, storage bin to await transport to an off-site user or alternately back to a mined out pit disposal site. The converted, cooled, and cleaned SynCoal® product from coal cleaning enters the product handling system.

Product Handling

Product handling consists of the equipment necessary to convey the clean, granular SynCoal® product into two, 6,000-ton, concrete silos and to allow train loading with the existing loadout system. Additionally, the SynCoal® fines collected in the various stage particulate collection systems are combined, cooled, and transferred to a 300-ton storage silo designed for truck loadout to make an alternative product.

Raw Coal Handling

Raw coal from the existing stockpile is screened to provide $1^1/_2$ by-$^3/_8$ inch feed for the ACCP process. Coal rejected by the screening operation is conveyed back to the active stockpile. Properly sized coal is conveyed to a 1000-ton, raw coal, storage bin which feeds the process facility.

Emission Control

Sulfur dioxide emission control philosophy is based on injecting dry sorbents into the ductwork to minimize the release of sulfur dioxide to the atmosphere. Sorbents, such as trona or sodium bicarbonate, are injected into the first-stage gas stream as it leaves the first-stage dryer/reactors to maximize the potential for sulfur dioxide removal while minimizing reagent usage. The sorbents, having reacted with sulfur dioxide, are removed from the gas streams in the particulate removal systems. A 60-percent reduction in sulfur dioxide emissions should be realized.

The coal cleaning area fugitive dust is controlled by placing hoods over the sources of fugitive dust conveying the dust laden air to fabric filter(s). The bag filters can remove 99.99 percent of the coal dust from the air before discharge. All SynCoal® fines will report to the fines handling system and ultimately the SynCoal® fines stream.

Heat Plant

The heat required to process the coal is provided by a natural gas-fired process furnace, which uses process makegas from the second-stage coal conversion as a supplemental fuel. This system is sized to provide a heat release rate of 74 MM Btu/hr. Process gas enters the furnace and is heated by radiation and convection from the burning fuel.

Heat Rejection

Most heat rejection from the ACCP is accomplished by releasing water and flue gas into the atmosphere through an exhaust stack. The stack design allows for vapor release at an elevation great enough that, when coupled with the vertical velocity resulting from a forced draft fan, dissipation of the gases will be maximized. Heat removed from the coal in the coolers is rejected using an atmospheric-induced, draft cooling tower.

Utility and Ancillary Systems

The coal fines that are collected in the conversion, cleaning, and material handling systems are gathered and conveyed to a surge bin. The coal fines are then agglomerated and returned to the product stream.

Inert gas is drawn off the cooler loop for other uses. This gas, primarily nitrogen and carbon dioxide, is used for other baghouse pulse. The makeup gas to the cooler loop is combustion flue gas from the stack. The cooling system effectively dehumidifies and cools the stack gas making the inert gas for the system. The cooler gas still has a relatively high dew point (about 90°F). Due to the thermal load this puts on the cooling system, no additional inert gas requirements can be met by this approach.

The common facilities for the ACCP Demonstration include a plant and instrument air system, a fire protection system, and a fuel gas distribution system.

The power distribution system includes a 15 kV service; a 15 kV/5 kV transformer; a 5 kV motor control center; two, 5 kV/480 V transformers; a 480 V load distribution center; and a 480 V motor control center.

The process is semi-automated, including dual control stations, dual programmable logic controllers, and distributed plant control and data acquisition hardware. Operator interface is necessary to set basic system parameters, and the control system adjusts to changes in the process measurements.

3.1.1 ORIGINAL EQUIPMENT

The originally designed and installed major equipment for the ACCP Demonstration Facility is shown in Table 3.1 on the following page.

Table 3.1. Advanced Coal Conversion Process Major Plant Equipment - As Constructed

System Description	Equipment Vendor	Type
Thermal Coal Reactors/Coolers	Carrier Vibrating Equipment, Inc.	PE
Belt Conveyors	Willis & Paul Group	MH
Bucket Elevators	FMC Corporation	MH
Coal Cleaning Equipment	Triple S Dynamics, Inc.	CC
Coal Screens	Hewitt Robbins Corporation	MH
Loading Spouts	Midwest International	MH
Dust Agglomerator	Royal Oak Enterprises, Inc.	DH
Silo Mass Flow Gates	SEI Engineers, Inc.	MH
Vibrating Bin Dischargers	Carman Industries, Inc.	MH
Vibrating Feeder	Kinergy Corporation	MH
Drag Conveyor	Dynamet	DH
Process Gas Heater	G.C. Broach Company	PE
Direct Contact Cooler	CMI-Schneible Company	PE
Particulate Removal System	Air-Cure Howden	EC
Dust Collectors	Air Cure Environmental, Inc.	EC
Air Compressors/Dryers	Colorado Compressor, Inc.	CF
Diesel Fire Pumps	Peerless Pump Company	CF
Forced Draft Fans	Buffalo Forge Company	PE
Pumps	Dresser Pump Division Dresser Industries, Inc.	PE
Electrical Equipment-4160	Toshiba/Houston International Corporation	CF
Electrical Equipment-LDC	Powell Electric Manufacturing Company	CF
Electrical Equipment-480v MCC	Siemens Energy & Automation, Inc.	CF
Main Transformer	ABB Power T&D Company	CF
Control Panels	Utility Control & Equipment Corporation	CF
Control Valves	Applied Control Equipment	CF
Plant Control System	General Electric Supply Company	CF
Cooling Tower	The Marley Cooling Tower Company	PE
Dampers	Effox, Inc.	PE
Dry Sorbent Injec. System	Natech Resources, Inc.	EC
Expansion Joints	Flexonics, Inc.	PE

MH - Materials Handling PE - Process Equipment EC - Emissions Control
CF - Common Facilities CC - Coal Cleaning DH - Dust Handling

3.2 AS-BUILT PROCESS DESCRIPTION

The ACCP facility has been modified as necessary during start-up and operation of the ACCP Demonstration Project. Equipment has been improved; additional equipment installed; and new systems designed, installed, and operated to improve the overall plant performance. Those adjustments are listed below and on the following pages.

Coal Conversion System

In 1992, several modifications were made to the vibratory fluidized bed reactors and processing trains to improve plant performance. An internal process gas bypass was eliminated, and the seams were welded out to reduce system leaks. Also, the reactor bed deck holes were bored out in both the first-stage dryer/reactor and the vibratory coolers to increase process gas flow.

The originally designed, two-train, fines conveying system could not keep up with the fines production. To operate closer to design conditions on the thermal coal reactors and coolers, obtain tighter control over operating conditions, and minimize product dustiness, the ACCP plant was converted to single train operation to reduce the overall fines loading prior to modifying the fines handling system during the outage of the summer 1993. One of the two process trains was removed from service by physically welding plates inside all common ducts at the point of divergence between the two process trains. This forced process gases to flow only through the one open operating process train.

In addition to the process train removal, the processed fines conveying equipment was simultaneously modified to reduce required throughput on drag conveyors. This was accomplished by adding a first-stage screw conveyor and straightening and shortening the tubular drag conveyors.

The ACCP *design included a briquetter for agglomeration of the process fines.* However, initial shakedown of the plant required the briquetting system be completely operational. Since the briquetting operation was delayed to focus on successfully operating the plant, the process design changes included fines disposal by slurrying them to an existing pit in the mine. During 1992, a temporary fines slurry disposal system was installed. The redesigned process fines conveying and handling system was commissioned. Design of a replacement fines conveying system is now complete and delivering to a truck loadout slurry or briquetter.

The main rotary airlocks were required to shear the pyrite and "bone" or rock that is interspersed with the coal; however, the design of the rotary airlocks was insufficient to convey this non-coal material. Therefore, the drive motors were retrofitted from 2 to 5 horse power for all eight process rotary airlocks. Also, an electrical current sensing circuit that reverses the rotary lock rotation was designed, tested, and applied to the rotary airlocks. This circuitry is able to sense a rotor stall and reverse the motor to clear the obstruction before tripping the motor circuit breaker.

The original plant startup tests also revealed explosion vent discrepancies in all areas, thus preventing extended operation of the plant. The design development for the vents was a cooperative effort between an explosion vent manufacturing company and the ACCP personnel and resulted in a unique explosion vent sealing system which was completed during 1993. The new explosion vent design was implemented during 1993 and has been performing well since.

The vibratory fluid bed reactors suffered from stress cracking in the base on two occasions. The first cracking occurred approximately November, 1992. A combination of dynamic and thermal stresses caused the vibratory drives of the dryers to begin cracking their structural welds where they connect to the dryer plenum. This problem was mitigated by reducing the thermal stresses on the welds by insulating the inside of the plenum and removing the insulation from the weld areas on the outside of the dryers.

The second set of cracking problems were somewhat a result of the solution to the first set of cracking problems. Again on the plenum bottom, cracking occurred adjacent to the vibratory drives. This time the cracks were not necessarily in the vibratory drive structural welds, instead they began and propagated through the parent steel of the plenum. A specimen of the failed steel was removed and sent to a metallurgist for failure root cause analysis. The metallurgist reported the failure was caused by stress corrosion cracking (SCC). The insulation installed on the inside of the plenum had caused the parent steel temperature to fall into the chlorine ion attack range and the insulation had supplied enough chlorine to cause the SCC. Mitigation of the second cracking problem is planned for mid to late 1996. New parent steel will be installed inside the plenum, along with a sacrificial aluminum sheet and chlorine free insulation.

In 1992, 1993, and 1994 the ACCP facility experienced chronic failure of fan bearings on the first stage and cooler circulating gas fans. A primary failure mode was never identified but the failures were attributed to a combination of too low of loads on the original roller bearings, contamination of the bearing lube oil, and heat loads on the bearings by conduction through the fan shafts. The original bearings were oil lubricated with a small oil reservoir internal to the bearing.

In the second quarter of 1995, a lubricating oil system was installed for the first stage and cooler fans along with new bearings to accept a forced lubrication system. The lube oil systems included lube oil temperature control, filtering, and flow controls. Bearing failure has essentially been eliminated.

Coal Cleaning

The coal entering the cleaning system is screened into four size fractions: plus ½ inch, ½ by ¼ inch, ¼ inch by 8 mesh, and minus 8 mesh. These streams are fed in parallel to four, deep-bed stratifiers (stoners) where a rough, specific, gravity separation is made using fluidizing air and a vibratory conveying action. The light streams from the stoners are sent to the product conveyor, and the heavy streams from all but the minus 8 mesh stream are sent to fluidized bed separators. The heavy fraction of the minus 8 mesh stream goes directly to the waste conveyor. The fluidized bed separators, again using air and vibration to effect a gravity separation, each split the coal into light and heavy fractions. The light stream is considered product, and the heavy or waste stream is sent to a 300-ton, storage bin to await transport back to the mined out pit disposal site. The dried, cooled, and cleaned product from coal cleaning enters the product handling system. Modifications were made in 1992 that allows product to be sent to the waste bin with minimal reconfiguration.

Product Handling

Work is continuing on testing and evaluating technologies to enhance product stabilization and reduce fugitive dustiness. During 1992, a liquid carbon dioxide storage and vaporization system was installed for testing product stability and providing inert gas for storage and plant startup/shutdown. During the Fourth Quarter of 1994, an additional inert gas system was installed.

The clean product coal is conveyed into two, 5,000-ton capacity, concrete silos which allow train loading with the existing loadout system. The silo capacity was reduced from the 6,000 ton design to approximately 5,000 ton actual due to the relatively low SynCoal® density.

During the first quarter of 1995 an automatic sampler was installed on belt C-9-8 to obtain representative daily production samples.

Raw Coal Handling

Raw coal from the existing stockpile is screened to provide 1¼-by-½ inch feed for the ACCP process. Coal rejected by the screening operation is conveyed back to the active stockpile. Properly sized coal is conveyed to a 1,000-ton, raw coal, storage bin which feeds the process facility.

Emission Control

It was originally assumed that sulfur dioxide emissions would have to be controlled by injecting chemical sorbents into the ductwork. Preliminary data indicated that the addition of chemical injection sorbent would not be necessary to control sulfur dioxide emissions under the operating conditions. A mass spectrometer was installed to monitor emissions and process chemistry; however, the injection system is in place should a higher sulfur coal be processed or if process modifications are made and sulfur dioxide emissions need to be reduced.

The coal-cleaning area's fugitive dust is controlled by placing hoods over the fugitive dust sources conveying the dust laden air to fabric filter(s). The bag filters appear to be effectively removing coal dust from the air before discharge. The Department of Health and Environmental Sciences completed stack tests on the east and west baghouse outlet ducts and the first-stage drying gas baghouse stack in 1993. The emission rates of 0.0013 and 0.0027 (limit units of 0.018 grains/dry standard cubic feet) (gr/dscf) and 0.015 gr/dscf (limit of 0.031), respectively, are well within the limits stated in the air quality permit.

A stack emissions survey was conducted in May 1994. The survey determined the emissions of particulates, sulfur dioxide, oxides of nitrogen, carbon monoxide, total hydrocarbons, and hydrogen sulfide from the coal dryer stack. The principal conclusions based on averages are:

- The emissions of particulate matter from the dryer stack were 0.0259 gr/dscf (2.563 pounds per hour). (Limit: 0.031 gr/dscf.)
- The emissions of nitrogen oxides were 4.50 pounds per hour (54.5 parts per million). (Limit: 7.95 lb/hr estimated controlled emissions, and 11.55 lb/hr estimated uncontrolled emissions based on vendor information.)
- The emissions of carbon monoxide were 9.61 pounds per hour (191.5 parts per million). (Limit: 6.46 lb/hr estimated controlled emissions, and 27.19 lb/hr estimated uncontrolled emissions based on vendor information.)
- The emissions of total hydrocarbons as propane (less methane and ethane) were 2.93 pounds per hour (37.1 parts per million).
- The emissions of sulfur dioxide were 0.227 pounds per hour (2.0 parts per million). (Limit: 7.95 lb/hr estimated controlled emissions, and 20.27 lb/hr estimated uncontrolled emissions for sulfur oxides.)
- The emissions of hydrogen sulfide were 0.007 pounds per hour (0.12 parts per million).

Process Gas Heater

The heat required to process the coal is provided by a natural gas-fired process furnace, which uses process makegas from coal conversion as fuel. The vibration problems and conversion system problems discussed previously initiated removing and redesigning the process gas fans shaft seals to limit oxygen infiltration into the process gas. This system provides a maximum heat release rate of up to 74 MM Btu/hr depending on the feed rate.

In 1995, several modifications were made to the process gas heater. Significant damage had occurred to the old heat exchanger from high temperature creep and embrittlement. Half of the process gas heat exchanger was replaced with modules made of a higher quality stainless steel.

Two additional modifications were made to help protect and enhance the performance of the heat exchanger. A soot blower was installed to keep the heat exchanger from fouling and refractory brick baffles were added to block radiative heat from the heat exchanger face.

Heat Rejection

Heat removed from the coal in the coolers is rejected indirectly through cooling water circulation using an atmospheric-induced, draft-cooling tower. A substantial amount of the heat added to the system is actually lost by releasing water vapor and flue gas into the atmosphere through an exhaust stack. The stack allows for vapor release at an elevation great enough that, when coupled with the vertical velocity resulting from a forced draft fan, maximized dissipation of the gases. The evaluation from 1993 indicated the cooling tower limitation issues could be resolved by providing additional makeup water to the system. A 2-inch valve was installed on the cooling water line to the cooling tower to provide the necessary makeup water.

Utility and Ancillary Systems

The fines handling system consolidates the coal fines that are produced in the conversion, cleaning, and material handling systems. The fines are gathered by screw conveyors and transported by drag conveyors to a bulk cooling system. The cooled fines are stored in a 250-ton capacity bin until loaded into pneumatic trucks for off-site sales.

When off-site sales lag production, the fines are mixed with water in a specially designed tank and slurried back to the mine pit.

An inert gas system cools, dehumidifies, compresses, and dries stack gas. The inert gas, which contains mainly nitrogen and carbon dioxide, is used by the first-stage baghouse cleaning blowers and is also used as a blanket gas in the product and fines storage silos. The makeup gas to the cooler loop is combustion flue gas from the stack. The cooling system effectively dehumidifies and cools the stack gas making the inert gas for the system. The cooler gas still has a relatively high dew point (about 90°F). Due to the thermal load this puts on the cooling system, no additional inert gas requirements can be met by this approach.

The common facilities for the ACCP include a plant and instrument air system, a fire protection system, and a fuel gas distribution system.

The power distribution system was upgraded by installing an uninterruptible power supply (UPS) during 1993. The UPS system does not keep the plant running if there is a problem; however, it does keep the control system, emergency systems, and office lights operating.

The process is semi-automated including dual control stations, dual programmable logic controllers, and distributed plant control and data acquisition hardware. Graphic interface programs are continually being modified and upgraded to improve the operator interface and provide more reliable information to the operators and engineers.

3.2.1 MODIFIED OR REPLACED EQUIPMENT

Facility modifications and maintenance work to date have been dedicated to obtaining an operational facility.

The modifications to the original system performed for the year to date (with modifications during this reporting period shown in bold print) are listed below.

<u>Second Quarter 1995</u>

Process Gas Heater

- **Installed monorail and support steel for outage**
- **Replaced heat exchanger**
- **Replace cross-over duct**
- **Install soot blower**
- **Install furnace refractory wall**

Conversion System

- **Install circulating oil system for the first stage fans and cooler loop oil systems on bearings and piping**
- **Replace fan bearing**
- **Replace explosion doors**

Raw Coal Handling

- **Replace C-4 high incline conveyor belt**

Coal Cleaning

- **Replace burned bags in D-8-56 baghouse**

General

- **Miscellaneous general maintenance items**

First Quarter 1995

Conversion System

- Replaced burned explosion door on 2nd stage cyclone
- Repair fan motor on first stage of dryer
- Repair on original expansion joint on first stage duct
- Repair dryer bed cracks

Raw Coal Handling

- Replace screen cloth on screens for enhanced infeed system screening efficiency

Product Handling

- Begin construction of tipple dust collection and loadout
- Product sampler on C-9-8 installed and commissioned

General

- Natural gas supplier pressure problems and plugged regulator corrected

Table 3.2 shows the equipment that has either been modified or replaced from plant startup. If replacement was required, the new equipment is listed.

Table 3.2. Advanced Coal Conversion Process Modified Major Plant Equipment

System Description	Equipment Vendor	Type	Modified No/Yes	Replaced With
Thermal Coal Reactors/Coolers	Carrier Vibrating Equipment, Inc.	PE	/✓	
Belt Conveyors Product Sampler	Willis & Paul Group Inner Systems	MH MH	/ Added	
Bucket Elevators	FMC Corporation	MH	/	
Coal Cleaning Equipment	Triple S Dynamics, Inc.	CC	/	
Coal Screens	Hewitt Robbins Corporation	MH	/✓	
Loading Spouts	Midwest International	MH	/	
Dust Agglomerator	Royal Oak Enterprises, Inc.	DH	/	
Silo Mass Flow Gates	SEI Engineers, Inc.	MH	/	
Vibrating Bin Dischargers	Carman Industries, Inc.	MH	/	
Vibrating Feeder	Kinergy Corporation	MH	/	
Drag Conveyor	Dynamet	DH	/✓	PFHS
Screw Conveyor	Farm Aid Equipment Company	MH	Added	PFHS
Processed Fines Handling Sys. Bucket Elevators Screw Conveyors Drag Conveyors Processed Fines Cooler Slurry Tank Agitator Slurry Tank Slurry and Pit Pumps Processed Fines Load Out Bin	 Continental Screw Conveyor Corp. Continental Screw Conveyor Corp. AshTech Corporation Cominco Engineering Services, Ltd. Chemineer, Inc. Empire Steel Manufacturing Co. Goulds Pumps/Able Technical P & S Fabricators	 DH DH DH DH DH DH DH DH	 Added Added Added Added Added Added Added Added	
Process Gas Heater	G.C. Broach Company	PE	/✓	
Direct Contact Cooler	CMI-Schneible Company	PE	/✓	
Particulate Removal System	Air-Cure Howden	EC	/✓	
Dust Collectors	Air Cure Environmental	EC	/	
Air Compressors/Dryers	Colorado Compressor, Inc.	CF	/✓	
Diesel Fire Pumps	Peerless Pump Company	CF	/	
Forced Draft Fans	Buffalo Forge Company	PE	/✓	
Pumps	Dresser Pump Division Dresser Industries, Inc.	PE	/	
Electrical Equipment-4160	Toshiba/Houston International Corp.	CF	/	
Electrical Equipment-LDC	Powell Electric Manufacturing Corp.	CF	/	
Electrical Equipment-480v MCC	Siemens Energy & Automation, Inc.	CF	/	
Uninterruptible Power Supply	Best Power Technologies Company	CF	Added	

Table 3.2. Advanced Coal Conversion Process Modified Major Plant Equipment (cont'd.)

Main Transformer	ABB Power T&D Company	CF	/	
Control Panels	Utility Control & Equipment Corp.	CF	/	
Control Valves	Applied Control Equipment	CF	/	
Plant Control Systems	General Electric Supply Company	CF	/✓	
Cooling Tower	The Marley Cooling Tower Company	PE	/✓	
Dampers	Effox, Inc.	PE	/	
Dry Sorbent Injec. System	Natech Resources, Inc.	EC	/	
Expansion Joints	Flexonics, Inc.	PE	/✓	
MH - Materials Handling PE - Process Equipment EC - Emissions Control CF - Common Facilities CC - Coal Cleaning DH - Dust Handling				

4.0 TECHNICAL PROGRESS

4.1 SYNCOAL® SALES/SHIPMENTS

Table 4.1 lists the customers by category and the sales for the 2nd quarter of 1995 as well as the year to date sales.

Table 4.1 SynCoal® Sales

Customer Type/ Name	SynCoal Product	Total 1st Qtr	**April Sales**	**May Sales**	**June Sales**	**Total 2nd Qtr**	Year to Date
INDUSTRIAL							
Ash Grove Cement	Regular	3,392	**414**	**2,823**	**1,547**	**4,783**	8,175
Ash Grove Cement	Fines	5,157	**269**	**1,202**	**50**	**1,521**	6,677
Ash Grove Cement	Blend		**468**			**468**	468
Bentonite Corporation	Regular	2,987	**705**	**1,102**	**723**	**2,531**	5,518
Packaging Corporation	Regular	641					641
University of North Dakota	Regular	92					92
Holnam Cement	Regular	3,287					3,287
Continental Lime	Regular	1,160					1,160
Empire Sand & Gravel	Regular		**142**		**146**	**288**	288
UTILITY							
Colstrip Units 3&4	DSE Conditioned	24,799	**28,829**	**23546**	**3,292**	**55,668**	80,466
Fremont Utilities	Regular	465					465
Corette Plant	DSE Conditioned	26,244					26,244
Minnkota Power Coop.	Fines				**101**	**101**	101
TOTAL TONS SOLD		68,223	**30,827**	**28,674**	**5,859**	**65,360**	133,583

4.2 FACILITY OPERATIONS/PLANT PRODUCTION

Table 4.2 summarizes the ACCP Demonstration Facility's operations and plant production levels that have been achieved throughout this reporting period and the facility's lifetime to date.

The following calculations were used in Table 4.2:

- Period Hours = Days in Reporting Period x 24 Hours/Day
- Availability Rate = Operating Hours/Period Hours x 100
- Average Feed Rate = Tons Fed/Operating Hours
- Monthly Capacity Factor = Tons Processed/Rated Design Capacity (37,500 tons/month)
- Forced Outage Rate = Forced Outage Hours/(Forced Outage Hours + Operating Hours) x 100

The difference between the feed coal and the amount of clean coal produced is due to water loss; samples removed for analysis; and processed fines, which are captured in the dust handling system and returned to the mine for disposal. Very little dust is actually lost to the atmosphere.

Table 4.2 ACCP Demonstration Project 1995 Monthly Operating Statistics*

Month	Operating Hours	Availability Rate	Planned Maint. Hours	Forced Outage Hours	Forced Outage Rate	Feed Tons	Ave. Feed Rate	Feed Capacity Factor	Total Ship-ments	Ending Silo Inventory
Jan. '95	503	68%	0	241	32%	31,726	66.3	83%	17,965	5,096
Feb. '95	525	78%	0	147	22%	38,325	73.0	111%	21,710	5,469
Mar '95	637	86%	79	28	4%	42,674	67.0	112%	28,548	5,800
1st Qtr Summary	1,665	77%	79	416	20%	112,725	68.77	102%	68,223	5,800
Apr. '95	**680**	**94%**	**30**	**10**	**1%**	**47,818**	**70.3**	**129%**	**30,827**	**5,028**
May '95	**658**	**88%**	**49**	**37**	**5%**	**43,752**	**66.5**	**114%**	**28,674**	**6,023**
Jun. '95	**101**	**14%**	**583**	**36**	**26%**	**7,142**	**70.7**	**19%**	**5,859**	**4,500**
2nd Qtr Summary	**1,439**	**66%**	**662**	**83**	**5%**	**98,712**	**68.6**	**88%**	**65,360**	**4,500**
LTD Totals	**14,281**		**7,937**			**769,072**	**53.9**		**403,122**	

*An internal audit revealed discrepancies in some of the tonnages. The totals reported in this report reflect the actual numbers.

A general material and energy balance around the ACCP is shown in Figure 4.1 from testing conducted in May, 1994. The description is for the Rosebud coal that is normally tested and processed through the ACCP Demonstration Facility. An energy conversion of 87.1 percent is depicted. Loss of moisture up the stack accounts for the weight difference of input versus output.

Figure 4.1. General Material and Energy Balance

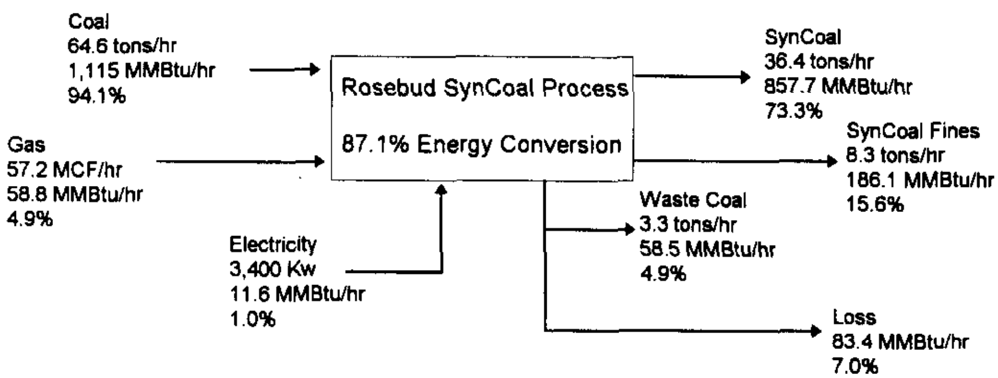


Table 4.3 provides mass and energy balance information for the second quarter of 1995. This information is based upon total quantities into and out of the demonstration process facility. The known weight loss is the water removed from the raw coal. The unknown weight loss is all the other losses not measured. All energy losses are identified as unknown. Overall, 86.3% of the energy input was converted to salable product. Figure 4.2 depicts this information in a more graphic form.

Figure 4.2 Second Quarter Material and Energy Balance

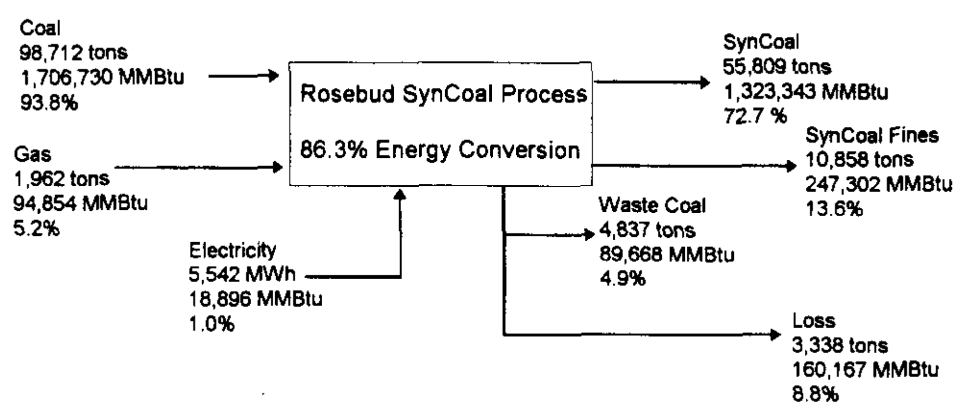


Table 4.3 Mass and Energy

1st Quarter	INPUT			OUTPUT				
	Raw Coal Tons	Natural Gas Tons	Electricity MWh	SynCoal Tons	SynCoal Fines Tons	Waste Tons	Moisture Loss Tons	Unknown Loss Tons
AMOUNTS	112,725	2,304	7,050	57,756	12,401	5,524	27,822	9,222
%	100%			51.2%	11.0%	4.9%	24.9%	8.0%
MMBtu	1,944,732	111,358	24,037	1,382,217	286,587	77,336	-	333,987
%	93.5%	5.4%	1.2%	66.4%	13.8%	3.7%	0.0%	16.1%
Btu/lb	8,626			11,903	11,549	7,000		
% Moisture	26.09%			1.93%	3.19%	1.4%		
% Ash	9.41%			9.16%	10.05%			
2nd Quarter	**INPUT**			**OUTPUT**				
	Raw Coal Tons	**Natural Gas Tons**	**Electricity MWh**	**SynCoal Tons**	**SynCoal Fines Tons**	**Waste Tons**	**Moisture Loss Tons**	**Unknown Loss Tons**
AMOUNTS	**98,712**	**1,962**	**5,542**	**55,809**	**10,858**	**4,837**	**23,870**	**3,338**
%	**100%**			**56.5%**	**11.0%**	**4.9%**	**24.2%**	**8.0%**
MMBtu	**1,706,730**	**94,854**	**18,896**	**1,323,343**	**247,302**	**89,668**	**-**	**160,167**
%	**93.8%**	**5.2%**	**1.0%**	**72.7%**	**13.6%**	**4.9%**	**0.0%**	**8.8%**
Btu/lb	**8,645**			**11,856**	**11,388**	**9,269**		
% Moisture	**26.01%**			**2.29%**	**4.24%**	**1.37%**		
% Ash	**9.10%**			**9.09%**	**10.09%**	**24.61%**		

4.3 FACILITY TESTING

The facility testing to date has focused on controlling spontaneous combustion of the cleaned coal product.

4.4 PRODUCT TESTING

The product produced to date has been exceptionally close to the design basis product from a chemical standpoint but has not been acceptable from a physical standpoint due to instability (spontaneous heating) and dustiness. The typical product analyses are shown in Table 4.6 .

The following product tests were conducted during the second quarter of 1995.

Test 95-04: Fines Reinjection into Product DSE Test and Test 95-05: Put Fines Into the Coarse and send to Silo T-96 with Subsequent Loading Into Railcars. Testing was conducted to determine the effect of reintroducing fines back into the coarse product. These tests were generally positive; the fines could be reintroduced and shipped as a DSE product as long as the moisture level was closely controlled. The stability of the combined products was not worse than the coarse product and may have been slightly better.

Testing was conducted to determine the heating mechanism of a bagged ground mixture of SynCoal®, bentonite, and other dry minerals and additives. The test showed that the peak heating occurred where bags from successive layers overlapped to the maximum extent. It was proposed but never tested that some minor heat dissipation between the layers (stickering) would ensure palletized stability.

Table 4.4 Raw Feed Coal Analyses

MONTH	TONNAGE	% MOISTURE	% ASH	% SULFUR	BTU/LB	SO2/MMBTU
April	47,818	26.02	9.52	0.78	8,598	1.80
May	43,752	26.05	8.72	0.69	8,677	1.59
June	7,142	25.63	8.58	0.72	8,761	1.64

Table 4.5 As-Produced Waste Coal Analyses

MONTH	% MOISTURE	% ASH	% SULFUR	BTU/LB	SO2/ MMBTU
April	0.95	30.39	3.80	8,888	8.67
May	1.78	18.86	2.99	9,519	6.54
June	1.73	21.12	1.82	10,288	3.54

Table 4.6 Product Analyses

Sample ID	% Moist.	% Ash	% Sulfur	Btu/lb	lbs SO2/ MMBtu
UNITS 3&4 SHIPMENTS					
April, 1995					
Avg	7.49	11.28	0.90	10863	1.66
Std	6.87	1.96	0.30	884	0.60
Min	1.11	7.49	0.41	8915	0.84
Max	23.16	15.16	1.83	12027	3.68
May, 1995					
Avg	4.66	10.91	0.90	11301	1.63
Std	4.53	2.55	0.27	716	0.58
Min	1.30	7.59	0.55	9762	0.91
Max	17.56	22.88	2.08	12107	4.15
June, 1995					
Avg	5.05	10.35	0.87	11354	1.54
Std	6.07	1.81	0.22	860	0.42
Min	1.34	7.94	0.52	9692	0.87
Max	17.86	12.62	1.20	12021	2.07
Quarterly Average					
Avg	**6.03**	**11.05**	**0.90**	**11097**	**1.64**
Min	**1.11**	**7.49**	**0.41**	**8915**	**0.84**
Max	**23.16**	**22.88**	**2.08**	**12027**	**4.15**
COARSE SYNCOAL SHIPMENTS					
April, 1995					
Avg	2.47	9.75	0.73	11747	1.25
Std	1.28	0.90	0.18	219	0.33
Min	1.38	8.96	0.47	10833	0.79
Max	8.50	13.59	1.19	11963	2.04
May, 1995					
Avg	2.32	9.14	0.68	11848	1.15
Std	0.90	0.92	0.12	202	0.21
Min	1.31	7.31	0.52	10696	0.86
Max	8.70	12.49	1.17	12104	2.01

Sample ID	% Moist.	% Ash	% Sulfur	Btu/lb	lbs SO2/ MMBtu
June, 1995					
Avg	2.14	8.65	0.71	11925	1.19
Std	0.51	0.35	0.11	77	0.19
Min	1.45	8.12	0.58	11728	0.96
Max	3.84	9.49	1.01	12076	1.69
Quarterly Average					
Avg	**2.29**	**9.09**	**0.70**	**11956**	**1.18**
Min	**1.31**	**7.31**	**0.47**	**10696**	**0.79**
Max	**8.70**	**13.59**	**1.19**	**12104**	**2.04**
FINES/SYNCOAL SHIPMENTS					
April, 1995					
Avg	3.37	9.82	0.82	11553	1.42
Std	0.25	0.38	0.07	83	0.12
Min	2.99	9.21	0.73	11423	1.27
Max	3.75	10.52	0.96	11686	1.66
May, 1995					
Avg	4.45	10.18	0.84	11345	1.48
Std	1.13	1.56	0.11	284	0.21
Min	2.71	8.51	0.62	10638	1.08
Max	7.79	18.89	1.23	11780	2.22
June, 1995					
Avg	3.55	9.31	0.75	11532	1.29
Std	0.61	0.21	0.07	185	0.11
Min	2.86	9.01	0.68	11276	1.20
Max	4.33	9.57	0.86	11701	1.48
Quarterly Average					
Avg	**4.24**	**10.09**	**0.83**	**11388**	**1.46**
Min	**2.71**	**8.51**	**0.62**	**10638**	**1.08**
Max	**7.79**	**18.89**	**1.23**	**11780**	**2.22**

Sample ID	% Moist.	% Ash	% Sulfur	Btu/lb	lbs SO2/ MMBtu
DSE SYNCOAL SHIPMENTS					
April, 1995					
Avg	11.94	12.44	1.14	10071	2.29
Std	3.95	2.02	0.45	606	1.00
Min	1.45	9.39	0.54	9196	0.91
Max	20.20	17.23	2.32	11874	5.05
May, 1995					
Avg	10.29	11.26	0.96	10432	1.85
Std	3.56	1.78	0.22	448	0.48
Min	1.71	8.66	0.62	9600	1.22
Max	17.03	14.71	1.50	11784	3.09
June, 1995					
Avg	14.05	10.71	1.18	10040	2.34
Std	5.15	1.63	0.36	669	0.67
Min	10.26	9.17	0.86	9182	1.78
Max	21.40	12.28	1.66	10772	3.23
Quarterly Average					
Avg	**11.38**	**11.83**	**1.07**	**10221**	**2.11**
Min	**1.45**	**8.66**	**0.54**	**9182**	**0.91**
Max	**21.40**	**17.23**	**2.32**	**11874**	**5.05**

4.5 TESTBURN PRODUCT

Second Quarter of 1995

Minnkota Power Cooperative, Center North Dakota

Minnkota burned a shipment of SynCoal® fines in their boilers to test its use in deslagging operations. Initial results indicate that it was very successful in deslagging, however some equipment modifications will need to be done to further test the product for this application.

University of North Dakota, Grand Forks, North Dakota

A cold boiler coal distribution test was conducted at UND's steam plant on June 7, 1995. The object was to determine if SynCoal® could be adequately distributed into UND's boiler using the existing feeder/distributors with little or no modifications. The test indicated that the feeders are inadequate to effectively distribute the SynCoal®.

5.0 PROCESS STABILITY/PILOT WORK

During the initial plant startup tests which occurred in January through June of 1992, the product was noted to be dusty and susceptible to spontaneous combustion.

5.1 PRODUCT STABILITY

The dried, cooled, and cleaned coal produced to date has exhibited spontaneous heating and combustion. When any significant mass of coal (more than 1 to 2 tons) is exposed to any significant air flow for periods ranging from 18 to 72 hours, the coal reaches temperatures necessary for spontaneous combustion or auto ignition to occur. Spontaneous heating of run-of-mine, low-rank coals has been a common problem but usually occurs after open air exposure periods of days or weeks, not hours. However, dried, low-rank coals have universally displayed spontaneous heating tendencies to a greater degree than raw, low-rank coals.

Cooperative Research and Development Agreement (CRADA) For a Joint Rosebud SynCoal Partnership - US DOE PETC Project

In January, 1995, the CRADA agreement was signed. The object of the CRADA is to determine the effects of different drying environments and treatments on low rank coal (LRC) composition and structure. Specific objectives of the agreement are (1) to elucidate the causes of spontaneous heating of dried LRC and to develop preventive measures, and (2) to study the explosibility and flammability limits of upgraded LRC dust. Other participants in this are the AMAX Coal Company and the ENCOAL project which have also experienced the same effects on their upgraded product.

5.2 PRODUCT DUSTINESS

The product is basically dust free when it exits the processing facility due to numerous steps where the coal is fluidized in process gas or air, which removes the dust-size particles. The gas and air entrains any dust that has been produced since the last process step.

Typical to coal handling systems, each handling activity performed on the product coal after the coal leaves the process degrades the coal size and produces some dust. The fall into the product silos, which can be up to 90 feet, can be especially degrading to the coal. Quantifying dustiness of coals is difficult, but once the product coal has passed through the nine transfer points between the process and a rail car, the coal is visibly dustier than run-of-mine coal. The SynCoal® product is actually no dustier than the raw coal; the dust is just more fugitive. Because the SynCoal® product is dry, it does not have any inherent ability to adhere small particles to the coal surfaces. This allows any dust-size particles that are generated by handling to be released and become fugitive.

Transfer points have been modified to reduce impacts, methods of reducing degradation in the silos have been examined, and dust suppression options tested.

5.3 CONCLUSIONS

Due to the handling issues, Rosebud SynCoal has taken a three-pronged approach to satisfying customer needs for a safe, effective way to handle SynCoal®. The first method is to DSE treat the SynCoal® product which allows conventional bulk handling for a short period (about one week) but does degrade the product heat content (Btus/lb) and eventually becomes dusty and susceptible to spontaneous heating again.

The second technique is contained storage and transportation systems with pneumatic or minimal exposure transfer systems. This technique provides maximum product quality and actually enhances the material handling performance for many industrial customers; however transportation requires equipment not conventionally used in coal delivery systems and is impractical for large utility customers.

The third effort is to develop a stabilization process step. SynCoal's previous work has been of great benefit in the in the collaborative research with EnCoal. SynCoal hopes to incorporate its stabilization process in the next generation facility or develop a smaller pilot operation in direct response to a specific customer requirement. Unfortunately, no specific customer has been identified for this pilot program yet.

6.0 FUTURE WORK AREAS

Work continues on improving product stability and dustiness. Several unforeseen product issues, which were only identified by the demonstration project operation, have changed the required activities for the ACCP Demonstration Project. Budget modifications will have to be made to the existing contract so as to include the following tasks.

- Identifying efficient and effective handling techniques.
- Demonstrating the benefits of SynCoal® in the smaller, more constrained industrial boilers and older, smaller utility boilers.
- Developing additional methods to reduce the product's spontaneous combustion potential.
- Demonstrating abilities to reduce the production costs.

Other areas of future work include the following:

- Procurement activities for the load-out facility have begun. This will improve the efficiency of loading the pneumatic trucks for transporting SynCoal® to several in-state industrial customers.
- Secure additional covered hopper railcars to accelerate our testing and market/distribution developments.
- Permit modeling efforts are being done in coordination with Western Energy permitting personnel to bring the Western Energy air quality permit up to date with ACCP information.
- Work on the North Dakota SynCoal Stoker Testing for the University of North Dakota - equipment modifications and retrofitting.

APPENDIX A

Significant Accomplishments from Origination of Project to Date

SIGNIFICANT ACCOMPLISHMENTS
(SINCE CONCEPT INCEPTION)

September	**1981**	Western Energy contracts Mountain States Energy to review LRC upgrading concept called the Greene process.
June	**1982**	Mountain States Energy built and tested a small batch processor in Butte, Montana.
December	**1984**	Initial patent application filed for the Greene process, December 1984.
November	**1984**	Initial operation of a 150 lb/hr continuous pilot plant modeling the Greene drying process at Montana Tech's Mineral Research Center in Butte, Montana.
November	**1985**	Added product cooling and cleaning capability to the pilot plant.
January	**1986**	Initiated process engineering for a demonstration-size Advanced Coal Conversion Process (ACCP) facility.
October	**1986**	Completed six month continuous operating test at the pilot plant with over 3,000 operating hours producing approximately 200 tons of SynCoal®.
October	**1986**	Western Energy submitted a Clean Coal I proposal to DOE for the ACCP Demonstration Project in Colstrip, Montana, October 18, 1986.
December	**1986**	Western Energy's Clean Coal proposal identified as an alternate selection by DOE.
November	**1987**	Internal Revenue Service issued a private letter ruling designating the ACCP product as a "qualified fuel" under Section 29 of the IRS code, November 6, 1987.
February	**1988**	First U.S. patent issued February 16, 1988, No. 4, 725,337.
May	**1988**	Western Energy submitted an updated proposal to DOE in response to the Clean Coal II solicitation, May 23, 1988.
December	**1988**	Western Energy was selected by DOE to negotiate a Cooperative Agreement under the Clean Coal I program.

SIGNIFICANT ACCOMPLISHMENTS (cont'd.) (SINCE CONCEPT INCEPTION)

May	**1989**	Second U.S. patent issued March 7, 1989, No. 4, 810,258.
June	**1990**	Reach a negotiated agreement with DOE on the Cooperative Agreement, June 13, 1990.
September	**1990**	Signed Cooperative Agreement, after Congressional approval, September 13, 1990.
September	**1990**	Contracted project engineering with Stone & Webster Engineering Corporation, September 17, 1990.
December	**1990**	Formed Rosebud SynCoal Partnership, December 5, 1990.
December	**1990**	Started construction on the Colstrip site.
March	**1991**	Novated the Cooperative Agreement to the Rosebud SynCoal Partnership, March 25, 1991.
March	**1991**	Formal ground breaking ceremony in Colstrip, Montana, March 28, 1991.
December	**1991**	Initiated commissioning of the ACCP Demonstration Facility.
April	**1992**	Completed construction of the ACCP Demonstration Facility and entered Phase III, Demonstration Operation.
June	**1992**	Formal dedication ceremony for the ACCP Demonstration Project in Colstrip, Montana, June 25, 1992.
August	**1992**	Successfully tested product handling by shipping 40 tons of SynCoal® product to MPC's Unit #3 by truck.
October	**1992**	Completed 81 hour continuous coal run 10/2/92.
November	**1992**	Converted to a single process train operation.
December	**1992**	Produced a passivated product with a two-week storage life.
January	**1993**	Produced 200 tons of passivated product that lasted 13 days in the open storage pile.
February	**1993**	The plant had a 62 percent operating availability between January 1 and February 15.

SIGNIFICANT ACCOMPLISHMENTS (cont'd.)
(SINCE CONCEPT INCEPTION)

March	**1993**	Identified an environmentally compatible dust suppressant that inhibits fugitive dust from the SynCoal® product. Completed annual Mine Safety and Health Administration safety training.
September	**1993**	*Tested nearly 700 tons of BNI lignite as a potential process* feedstock achieving approximately 11,000 Btu/lb heating value and substantially reducing the sulfur in the resultant product.
September	**1993**	Tested over 500 tons of BNI lignite.
June	**1993**	Initiated deliveries of SynCoal® under long-term contracts with industrial customer.
July	**1993**	Identified a conditioned method that inhibits spontaneous combustion and dust.
August	**1993**	State evaluated emissions, and the ACCP process is in compliance *with air quality permit. ACCP Demonstration Facility went* commercial on August 10, 1993.
September	**1993**	Stored approximately 9,000 tons of SynCoal® in inerted product silos and stabilized 2,000 to 3,000 tons in a managed open stockpile.
September	**1993**	Operated at an 84 percent operating availability and a 62 percent capacity factor for the month.
September	**1993**	Tested nearly 700 tons of BNI lignite as a potential process feedstock achieving approximately 11,000 Btu/lb heating value and substantially reducing the sulfur in the resultant product.
September	**1993**	Tested over 500 tons of BNI lignite.
October	**1993**	Processed more coal since resuming operation in August than during the entire time from initial startup with the summer's maintenance outage (approximately 15 months).
October	**1993**	Tested North Dakota lignite as a potential process feedstock, achieving nearly 11,000 Btu/lb heating value and substantially reducing the sulfur content in the resultant product.
November	**1993**	Operated at an 88 percent operating availability and a 74 percent capacity factor for the month.

SIGNIFICANT ACCOMPLISHMENTS (cont'd.)
(SINCE CONCEPT INCEPTION)

December	**1993**	Shipped 16,951 tons of SynCoal® to various customers.
January	**1994**	Shipped 18,754 tons of SynCoal® to various customers.
January	**1994**	Completed 48 tph stability SynCoal® stabilization process step design.
January	**1994**	Completed stability reactor testing.
February	**1994**	The plant had a 67 percent operating availability.
February	**1994**	Completed 8 tph SynCoal® stabilization process step design.
March	**1994**	Completed a 50/50 SynCoal® blend testburn at MPC's J.E. Corette plant.
April	**1994**	Completed 75/25 SynCoal® blend followup testburn at MPC's J.E. Corette plant.
May	**1994**	Began regular shipments of SynCoal® fines to industrial customers.
May	**1994**	Exceeded proforma average monthly sales levels for the first time since startup.
June	**1994**	Concluded 30 day, 1,000 mile covered hopper rail car test shipment.
June	**1994**	Increased industrial sales to 39 percent of total (7,350 tons of 18,633).
July	**1994**	Supported an additional 30-day testburn at MPC's J.E. Corette plant.
July	**1994**	Continued preparing for annual maintenance and facility improvement outage to begin August 19.
August	**1994**	Began the annual maintenance and facility improvement outage scheduled on August 19.
August	**1994**	Completed a conceptual design incorporating SynCoal® processing at MPC's J.E. Corette plant.
September	**1994**	Completed the annual maintenance and facility improvement outage on September 11.

SIGNIFICANT ACCOMPLISHMENTS (cont'd.)
(SINCE CONCEPT INCEPTION)

September	**1994**	Held an open house and tour on September 20 to raise public and market awareness of SynCoal®.
September	**1994**	Completed conceptual design for an ACCP plant expansion incorporating the process stability step.
October	**1994**	Scheduled testburns with two industrial users for November 1994.
October	**1994**	Tentatively scheduled two small additional testburns during December 1994.
November	**1994**	Conducted testburns with two industrial users.
November	**1994**	Scheduled an additional testburn during December 1994.
November	**1994**	Scheduled to reestablish deliveries to Continental Lime in Townsend, Montana.
December	**1994**	Conducted testburns with one additional user.
December	**1994**	Tentatively scheduled two additional testburns during January 1995.
December	**1994**	Rescheduled to reestablish deliveries to Continental Lime in Townsend, Montana.
January	**1995**	Conducted testburns with an additional industrial user.
January	**1995**	Tentatively scheduled two additional testburns during February
February	**1995**	Continued testburn with an industrial user.
February	**1995**	Supplied a short test at a small utility plant.
February	**1995**	Tentatively scheduled two additional testburns during March.
March	**1995**	Supported a testburn with an industrial user.
March	**1995**	Supplied a short test at a small heat plant.
March	**1995**	Record monthly sales volume of 28,548 tons or 118 percent of original design proforma.

SIGNIFICANT ACCOMPLISHMENTS (cont'd.)
(SINCE CONCEPT INCEPTION)

April	**1995**	Set monthly availability and capacity records for the third consecutive month, with 94% and 129% respectively.
April	**1995**	Record monthly sales volume of 30,827 tons or 123 percent of original design proforma.
May	**1995**	Second best monthly availability and capacity factors.
May	**1995**	Monthly sales volume of 28,705 tons or 115 percent of original design proforma.
June	**1995**	Completed annual maintenance and modification outage.